

September 20, 2001

Dennis Smith  
Director  
Center for Medicaid and State Operations  
Center for Medicare and Medicaid Services  
Department of Health and Human Services  
Mail Stop S2-26-12  
7500 Security Blvd.  
Baltimore, MD 21244

Dear Mr. Smith:

I am writing to respond to your request for clarification of Maryland's application for an amendment to the State's §1115 health care reform demonstration waiver. Specifically, you requested information about other covered services that recipients receive in addition to those under the waiver proposal.

As you know, Maryland's original request for an amendment sought to include the newly-created Maryland Pharmacy Discount Program (MPDP) that was enacted through legislation (HB 6/SB 236) passed during the 2001 session of the Maryland General Assembly. Under the new program, beneficiaries would have access to Medicaid prescription drug coverage. Maryland proposes to extend the Medicaid payment and rebate structure to the following three groups of people not currently eligible for pharmaceutical coverage under the State's Medical Assistance/HealthChoice Program:

- Group I: all individuals not eligible for Medicaid or the Maryland Children's Health Program whose income and assets do not exceed the standards indicated in Attachment 1. Additionally, all Qualified Medicare Beneficiaries (QMBs) would be eligible in this Group. Some members of this Group currently receive a limited prescription drug benefit. Persons in Group I would receive all Medicaid formulary prescription drugs for a \$5 co-pay.
- Group II: Medicare beneficiaries who do not qualify under Group I but whose income is at or below 175 percent of the federal poverty level (currently \$15,033 for an individual, \$20,318 for a couple) would be eligible to purchase all Medicaid formulary drugs at 65 percent co-insurance.
- Group III: Medicare beneficiaries with incomes above 175 percent of the federal poverty level would be eligible to purchase all Medicaid formulary drugs at 85 percent co-insurance.

Under the waiver amendment, Groups II and III are, by definition, Medicare enrollees and receive all covered services entitled to beneficiaries of that program.

Currently, individuals in Group I receive a number of other services. There are approximately 42,000 individuals in Group I. At least 12,000 participate in the Qualified Medicare Beneficiary or Specified Low-Income Medicare Beneficiary (SLMB) programs, which assist enrollees with payment of their Medicare premiums. All of these people, therefore, have comprehensive Medicare Part A and Part B coverage. Further, all participants in the state-only pharmacy program are referred to the Maryland Primary Care (MPC) program, where enrollees receive comprehensive outpatient services through a network of primary care clinics. To be eligible for these services, individuals must not have any other type of insurance; be between the ages of 19-64; and have an ongoing medical condition that requires at least four visits per year. About 7,900 individuals currently take advantage of this program. Combined with the services available through federally-qualified health centers and the inpatient hospital services mandated by Maryland's all-payer hospital system, there is a broad range of benefits available to Group I individuals.

Therefore, rather than consisting of a single benefit, coverage of prescription services under the waiver would complement other comprehensive health care benefits available to individuals in all three Groups. We believe that approval of the waiver request would allow MPDP to fill in the gaps and provide a broader continuum of services for these populations.

Thank you for the opportunity to provide you with additional information. If you have any questions or need more information, please feel free to contact me at (410) 767-5806.

Sincerely,

John G. Folkemer  
Executive Director  
Office of Planning, Development and  
Finance

Attachment

cc: Debbie I. Chang, M.P.H.  
Linda Welle  
Jim Hake